

**STATE INVESTMENT BOARD
INVESTMENT COMMITTEE MEETING
MINUTES OF THE
FEBRUARY 10, 2023, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Joseph Heringer, Trust Lands Commissioner, Vice Chair
Scott Anderson, CIO
Eric Chin, Deputy CIO
Dr. Prodosh Simlai, External Representative
Dr. Ruilin Tian, External Representative

STAFF PRESENT: Derek Dukart, Investment Officer
Rachel Kmetz, Accounting Mgr.
Missy Kopp, Exec. Assistant
George Moss, Sr. Investment Officer
Matt Posch, Sr. Investment Officer
Ryan Skor, CFO/COO
Jason Yu, Risk Officer

GUESTS: Alex Browning, Callan
Kodee Furst, 50 South Capital
Trey Hart, 50 South Capital
Perry Hopper, Callan
Members of the public

CALL TO ORDER:

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:00 a.m. on Friday, February 10, 2023, at the Retirement and Investment Office (virtual host), 1600 E Century Ave., Bismarck, ND.

The following Investment Committee members were present representing a quorum, Mr. Anderson, Mr. Chin, Treasurer Beadle, Commissioner Heringer, Dr. Simlai, and Dr. Tian.

AGENDA:

The agenda was considered for the February 10, 2023, meeting.

IT WAS MOVED BY COMMISSIONER HERINGER AND SECONDED BY DR. SIMLAI AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE FEBRUARY 10, 2023, MEETING AS DISTRIBUTED.

AYES: COMMISSIONER HERINGER, MR. ANDERSON, DR. SIMLAI, DR. TIAN, MR. CHIN, AND TREASURER BEADLE

NAYS: NONE

MOTION CARRIED

MINUTES:

The minutes were considered for the January 13, 2022, meeting.

IT WAS MOVED BY MR. ANDERSON AND SECONDED BY MR. CHIN AND CARRIED BY A VOICE VOTE TO APPROVE THE MINUTES FOR THE JANUARY 13, 2023, MEETING AS DISTRIBUTED.

**AYES: DR. SIMLAI, COMMISSIONER HERINGER, MR. CHIN, DR. TIAN, MR. ANDERSON,
AND TREASURER BEADLE
NAYS: NONE
MOTION CARRIED**

LEGACY FUND OVERVIEW:

Mr. Anderson provided an overview of the Legacy Fund including a history of the fund, growth in net asset value, and transferable earnings to date. The Legacy Fund asset allocation is very diversified, and staff have held the allocation close to the target. Mr. Anderson discussed the impacts of in-state investing on the asset allocation of the fund and the status of the in-state project. There is a general consensus that the goals of 1425 are beneficial, but refinement of the statute can help to more effectively achieve those goals. A bill is currently pending that would set a 3.5% of market value spending rule, smaller equity allocation, and eliminate the infrastructure loan program. Committee discussion followed.

ND GROWTH FUND:

Ms. Furst and Mr. Hart, 50 South Capital, provided background and an update on the ND Growth Fund (NDGF). Ms. Furst reviewed the fund-of-funds overview, internal due diligence process, and investment process. The NDGF is building a diversified portfolio across vintage, sector, and strategy that is unified by a commitment to invest in ND entrepreneurs. As of February 7, 2022, the NDGF has \$100 million in committed capital. Ms. Furst provided background on the NDGF investment portfolio. Committee discussion followed.

COUNTRY RISK:

Mr. Anderson presented information on Country Risk including categories of risk, the challenges in determining country risk, and the risk in emerging markets. Mr. Anderson explained the differences between separately managed and comingled funds. Staff are working to move towards more separately managed funds. The investment program has just reached a scale where there are enough staff to manage and monitor country risk. Staff are developing a staged plan to monitor country risk. Mr. Anderson reviewed the challenges with acting on the analysis of country risk. Committee discussion followed.

LEGISLATIVE BILLS:

Mr. Anderson reviewed current legislative bills that could have an impact on the investment program. Most of the bills listed, have not changed since the January meeting. Staff has spent considerable time talking with legislators about all of the ESG related bills which could have a great impact on the investment program as written. Committee discussion followed.

With no further business to come before the Investment Committee, Treasurer Beadle adjourned the meeting at 11:43 a.m.

Prepared by:

Missy Kopp
Assistant to the Board